



Statewide Rule 15:

Surface Cleanup Requirements
(Form W-3C)

Mysti Doshier

TOPICS



- OVERVIEW OF RULE 15.
- THE PROCESS OF OBTAINING A PLUGGING EXTENSION.
- REQUIREMENTS BASED ON AGE OF INACTIVITY.
- FILLING OUT THE FORM W-3C
- ENFORCEMENT PROCESS.

Rule 14



Plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed unless the Commission or its delegate approves a plugging extension under §3.15 of this title (relating to Surface Equipment Removal Requirements and Inactive Wells).

Inactive Well Extension Requirements



- 1) Operator has a current organization report.
- 2) Well in compliance with RRC rules and orders.
- 3) Operator has a good faith claim to a continuing right to operate the well.

For Inactive Land Wells (Bay/Offshore wells are excluded):

- 4) Completion of required surface equipment cleanup/removal and certification on Form W-3C
- 5) Application for plugging extension and qualification on Form W-3X

Inactive Well Listing



- The P-5 renewal packet is mailed out approximately 85 days prior to the P-5 due date.
- The P-5 renewal packet contains a listing of wells that have been inactive for 12 months or longer.

Inactive Well Listing



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Tools Sign Comment

(ORN014)

RAILROAD COMMISSION OF TEXAS

LIST OF INACTIVE WELLS BY OPERATOR

ORGANIZATION REPORT (P5) RENEWAL DUE BY JULY 1 2014

PAGE 1

OPERATOR > [REDACTED] # [REDACTED]

API NUMBER	LOCATION	COST CALC	SHUT-IN DATE	FORM W3C	INACTIVITY AS OF
O/G DIST LEASE WELL NO.	LEASE NAME	REQUIRED	P5 RENEWAL DATE		
039 32868 LAND		\$166,885	07/2008		6YRS 00MOS *
GAS 03 215086 2	RAYNOR				
393 20042 LAND		\$139,476	08/2012	Y	1YRS 11MOS
OIL 10 07665 4183	MORRISON				
393 30855 LAND		\$155,150	09/2009		4YRS 10MOS
OIL 10 07665 1183	MORRISON				

CERTIFICATION OF SURFACE EQUIPMENT REMOVAL FOR AN INACTIVE WELL

Form W-3C

(Rev. 09/2011)

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME: exactly as shown on F-3, Organization Report	2. OPERATOR ADDRESS including city, state and zip code
3. OPERATOR F-3 NO.	

- If you are filing for a single well:

4. LEASE NAME as shown on Fracture Schedule		5. FIELD NAME as shown on Fracture Schedule		
6. API NUMBER 42-	4. RRC DISTRICT NO.	8. OIL LEASE / GAS ID NO.	9. WELL NO.	10. COUNTY

OR

- If you are filing for an attached listing of wells:

11. The _____ wells listed on the attached _____ pages. (See Instructions for listing requirements.) <small>Number of Wells</small> <small>Number of Pages</small>
NOTE: BY ATTACHING A LISTING OF WELLS, YOU CERTIFY THAT ALL WELLS ON THE ATTACHED LISTING HAVE BEEN PLACED IN COMPLIANCE WITH THE SURFACE EQUIPMENT REMOVAL REQUIREMENTS AS SPECIFIED BELOW.

I, the undersigned, certify that: (check all that apply)		Required for:
<input type="checkbox"/> A	electric service to the production sites for the well(s) identified above has been physically terminated, or the sites do not have electrical service. (See instructions.)	a well or wells which have been inactive for 12 months or longer.
<input type="checkbox"/> B1	all piping, tanks, vessels, and equipment associated with and exclusive to the well identified above have been emptied or purged of production fluids; OR	a well or wells that have been inactive for at least five (5) years but less than ten (10) years.
<input type="checkbox"/> B2	the operator owns the surface of the land where the well(s) is located.	
<input type="checkbox"/> C1	all surface equipment and related piping, tanks, tank batteries, pump jacks, headers, fences, and firewalls associated with and exclusive to the well(s) identified above have been removed, all open pits associated with and exclusive to the well(s) identified above have been closed and all junk and trash, as defined by Commission rule, have been removed*; OR	a well or wells that have been inactive for at least ten (10) years.
<input type="checkbox"/> C2	the operator owns the surface of the land where the well is located; OR	* for additional information regarding wells identified as inactive more than 10 years as of 9/1/10, please see instructions and/or SWR 15(3)(5)
<input type="checkbox"/> C3	the well is part of a Commission recognized EOR project and the equipment remaining on the lease is solely associated with current and future operations of the project.	
<input type="checkbox"/> D	I am unable to comply with the surface equipment cleanup/removal requirements due to safety concerns or required maintenance of the well site. I have attached a written affirmation of the facts regarding the safety concerns or maintenance and request a temporary exception. (\$150 fee per well required)	See instructions and/or SWR 15(3)(3).

CERTIFICATION: I declare that the above certification(s) are based on my personal knowledge of the physical condition of the inactive well identified in this application, that this report was prepared by me or under my supervision or direction, and that I am authorized to make this report. I further acknowledge that this certification is made pursuant to the provisions of Texas Natural Resources Code Section 91.143, which relates to false filings of Commission reports, and provides for the Commission to levy an administrative penalty of up to \$1,000.00 for each false filing.

Signature _____	Name (print or type) _____
Title _____	Date _____ Phone No. _____
Contact Person and Phone Number if different from above: _____	

Surface Equipment Cleanup/Removal Requirements



Based on length of inactivity at P5 renewal time

- Inactive at least 12 months:
must physically terminate electrical service to the well's production site.
- Inactive at least 5 years but less than 10 years:
must empty or purge of production fluids all piping, tanks, vessels and equipment.
- Inactive at least 10 years:
must remove all surface equipment and related piping, tanks, tank batteries, pump jacks, headers, fences and firewalls;
close all open pits; and remove all junk and trash.

Surface Equipment Cleanup/Removal Requirements



Options:


- Ownership of Surface: (100% ownership interest held by operator of well)
 - Need not purge fluids
 - Need not remove equipment
 - (Electricity must still be disconnected)
- Commission recognized EOR project:
 - May leave equipment intended for future use within the project in place.
 - (Electricity must still be disconnected and fluids must still be purged.)

Form W-3C: (Certification of Surface Equipment Removal for an Inactive Well)

RAILROAD COMMISSION OF TEXAS
Oil and Gas / Admin. Compliance
PO Box 12967
Austin, TX 78711-2967

CERTIFICATION OF SURFACE EQUIPMENT REMOVAL FOR AN INACTIVE WELL

Form W-3C
(Rev. 09/2011)

 READ INSTRUCTIONS ON BACK

1. OPERATOR NAME exactly as shown on P-5, Organization Report	2. OPERATOR ADDRESS including city, state and zip code
3. OPERATOR P-5 NO.	

- If you are filing for a single well:

4. LEASE NAME as shown on Proration Schedule		5. FIELD NAME as shown on Proration Schedule		
6. API NUMBER 42-	4. RRC DISTRICT NO.	8. OIL LEASE / GAS ID NO.	9. WELL NO.	10. COUNTY

OR

- If you are filing for an attached listing of wells:

11. The _____ wells listed on the attached _____ pages. (See Instructions for listing requirements.) <small>Number of Wells</small> <small>Number of Pages</small>
NOTE: BY ATTACHING A LISTING OF WELLS, YOU CERTIFY THAT ALL WELLS ON THE ATTACHED LISTING HAVE BEEN PLACED IN COMPLIANCE WITH THE SURFACE EQUIPMENT REMOVAL REQUIREMENTS AS SPECIFIED BELOW.

I, the undersigned, certify that: (check all that apply)	Required for:
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I, the undersigned, certify that:
(check all that apply)

- ☐ A electric service to the production sites for the well has been terminated, or the sites do not have electric service.
- ☐ B1 all piping, tanks, vessels, and equipment identified above have been emptied or purged.
- ☐ B2 the operator owns the surface of the land where the well is located.
- ☐ C1 all surface equipment and related piping, tanks, fences, and firewalls associated with and adjacent to the well have been removed, all open pits associated with the well have been closed and all junk and trash, and debris removed; OR
- ☐ C2 the operator owns the surface of the land where the well is located.
- ☐ C3 the well is part of a Commission recognized well, and the lease is solely associated with current production.
- ☐ D I am unable to comply with the surface equipment safety concerns or required maintenance of the well. I am making this affirmation of the facts regarding the safety concerns under a temporary exception. (\$150 fee per well required)

CERTIFICATION: I declare that the above certification is true for the inactive well identified in this application, that this report was prepared by an authorized person, and that I am authorized to make this report. I further acknowledge that this report is subject to the provisions of the Oklahoma Natural Resources Code Section 91.143, which relates to false information and an administrative penalty of up to \$1,000.00 for each false statement.

Signature

Title

Contact Person and Phone Number if different from above

Well

Wells inactive

Agent signature is unacceptable. Must be signed by someone within organization with personal knowledge of well condition

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“Phase-In” of equipment removal



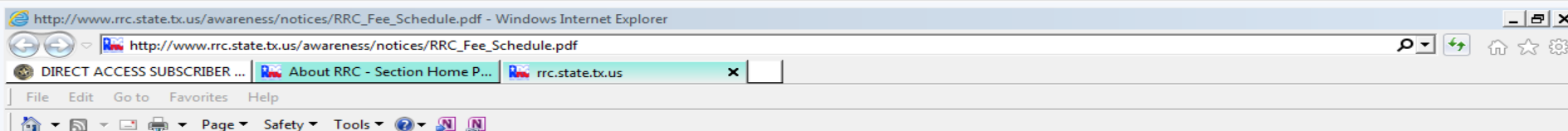
- For Wells 10-years inactive as of 9/1/2010
- 20% per year. (At least 60% must be completed for P5s due 9/1/2013 through 8/31/2014)
- 100% required for renewals on/after 9/1/2015
- Specific well schedule at operator's choice.
- Transferred wells:
 - lose eligibility for “phase-in” treatment
 - do not count towards percentage.

Surcharge



The Railroad Commission has adopted changes to Statewide Rule 78 as it applies to certain fees charged by the commission's Oil & Gas Division. Under Rule 78 as amended, surcharges have been imposed on certain fees as required to implement the provisions of Senate Bill 1 (82nd Legislature, First Called Session, 2011). The amendments to Rule 78 are effective as of May 1, 2012.

Schedule of Fees and Surcharges



Service/facilities activities			
Cleanup contractor	300.00	450.00	750.00
Directional surveyor	300.00	450.00	750.00
Cementer	300.00	450.00	750.00
Mover/storage	300.00	450.00	750.00
Commercial facility	500.00	750.00	1,250.00
Gas plant	500.00	750.00	1,250.00
Reclamation plant	500.00	750.00	1,250.00
Refinery	500.00	750.00	1,250.00
Oil and gas waste hauler	500.00	750.00	1,250.00
3339 Voluntary Cleanup Application Fee	1,000.00	1,500.00	2,500.00
3369 Reimbursement for Well Plugging Costs			
Abeyance of plugging report (W3-X)	100.00	150.00	250.00
Well test report filing fee	50.00	75.00	125.00
3382 Rule exception fee (other than Rule 37/38)	150.00	225.00	375.00
3384 Oil & Gas certificate of compliance reissue fee	300.00	450.00	750.00
3592 Waste Disposal Facility			
Oil and gas waste hauler permit application fee	100.00	150.00	250.00
LQG operator hazardous oil & gas waste generation			
Base fee	1,000.00	1,500.00	2,500.00
Additional fee	1,000.00	1,500.00	2,500.00
SQG operator hazardous oil & gas waste generation			
Base fee	200.00	300.00	500.00
Additional fee	200.00	300.00	500.00

* Except for an application for a surface water discharge permit that meets federal National Pollutant Discharge Elimination System (NPDES) requirements for agriculture and wildlife use at 40 Code of Federal Regulations 435, Subpart E, relating to Agriculture and Wildlife Water Use Subcategory.

RULE 15 Compliance Timeline



- If you file everything needed for your P-5 renewal EXCEPT for compliance with your inactive wells, then you will gain a 90-day extension to complete that compliance.
- Extension runs from the date your P-5 would have expired.

RULE 15 Compliance Timeline



- If you are still non-compliant at the end of the 90-day extension a second notice of non-compliance will be sent.
- You will have 30 days from the date of this notice to request a hearing if you wish. If you request a hearing, you must pay the cost for the hearing, which is a non-refundable fee of \$4,500.

RULE 15 Compliance Timeline



Failure to respond within the 30 day period will begin the process to;

- Deny the P-5 renewal.
- Issue Severance/Seal orders
- Collect financial security.

P-5 Renewal Status Query



Online system that provides information on the renewal process.

- **Specifically includes only the inactive wells in your P-5 renewal.**
- **Shows status of W-3Cs and W-3Xs filed on those wells.**

(Part of the Expanded Web Access query system at:

<http://webapps2.rrc.texas.gov/EWA/organizationQueryAction.do>)

Inactive Well Aging Report (IWAR)



Online system with information needed to comply with Inactive Well (Rule 15) requirements. Includes:

- Shut-in date
- Depth
- “Cost Calculation” Amount
- Current extension status
- Downloadable data

(Part of the Expanded Web Access query system at:

<http://webapps2.rrc.texas.gov/EWA/organizationQueryAction.do>)



Questions?



RRC Website

Railroad Commission Website:

<http://www.rrc.texas.gov>

Expanded Website Access (EWA) – P5 Query:

<http://webapps2.rrc.texas.gov/EWA/organizationQueryAction.do>
(data updated nightly)

Oil & Gas Directory:

<http://www.rrc.texas.gov/data/operators/ogdirectory/index.php>
(data updated monthly)

HB 2259 Information (Inactive Well requirements):

<http://www.rrc.texas.gov/compliance/hb2259/index.php>



Please contact us
with any questions you may have.

(512) 463-6772

P5@rrc.state.tx.us